

TRADING ENVIRONMENT

The business conditions have remained unstable and challenging characterized by a depreciating local currency, severe power shortages, product supply challenges and significant increases in operating costs. Erratic supply of electricity necessitated increased use of alternative sources of power in order to minimize disruptions to the Group's operations. The extensive use of generators to power operations increased costs significantly as a result of high fuel usage, servicing and repairs.

While there was relative stability in the exchange rate during the quarter to December 2019, product prices continued to increase albeit at a slower pace. The stores were adequately stocked for the festive season but demand was subdued reflecting the impact of continual erosion of incomes as a result of hyperinflation. Indeed demand was soft throughout the nine months from April to December 2019.

BUSINESS PERFORMANCE

Revenue for the quarter grew by 10% (inflation adjusted) and 513% (historical) while sales volumes for the quarter were 15% below same period in prior year. While this is negative volume growth, it is an improvement from the -23% reported for the six months ending 30 September 2019. The cumulative growth is -20% below last year.

Profit margins for the third quarter were consistent with the performance reported for the half year ended 30 September 2019.

OUTLOOK

Despite the difficult conditions, the Group will continue to take all steps necessary to ensure that the stores remain adequately stocked to the end of the financial year and beyond. Cost control remains an area of continuous management focus to ensure the business remains a going concern. The Group will continue to invest in the refurbishment of its stores and open new ones in viable locations where it is not represented.

By Order of the Board



M. Munyuru (Mrs.)
Company Secretary
12 February 2020



DIRECTORS: H. Nkala (Chairman), A. E. Siyavora (Chief Executive Officer), A. R. Katsande (Commercial Director),
R. A. Maunze, R. Mavima, A. S. McLeod, B. A. Carter (Alternate), R. J. Moyo, L. Webster-Rozon